



Chevron to Pay \$1.7 Million to Resolve UST Dispute Violations of False Claims Act allegedly occurred across Massachusetts

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BOSTON -- Chevron USA Inc. and Texaco Downstream Properties Inc. will pay \$1.7 million to resolve allegations they received reimbursement payments from a state fund for gas-station cleanup projects even though Chevron and Texaco sought and received payments from their insurers, Massachusetts Attorney General Martha Coakley announced. These false claims allegedly involved service stations across Massachusetts.

The Massachusetts Underground Storage Tank Petroleum Product Cleanup Fund program (UST Fund) was established to expedite the cleanup of environmentally dangerous leaks from underground storage tanks, such as those commonly found at gasoline stations, by reimbursing owners and operators for eligible expenses incurred in their response. To fund the program, the commonwealth charges tank registration and delivery fees.



According to the UST Fund's regulations, claimants must disclose if they sought reimbursement from another source including insurance for expenses they submit to the UST Fund. If claimants do recover money from both insurance and the fund for the same expenses, they must pay back the UST Fund.

"While the UST Fund program continues to be a great resource for our environment, it requires honesty from its participants in order to be effective and efficient," Coakley said. "We will continue our efforts to determine whether some oil companies may have sought or recovered money from their insurers without proper disclosure or reimbursement."

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In 2001, Chevron and Texaco merged to create ChevronTexaco (now Chevron Corp.). This settlement resolves the alleged failure of each company before the merger--and Chevron after the merger--to disclose to the UST Fund that they had certain insurance policies and that Chevron and Texaco each received payments from their respective insurers through policy buy-backs and/or settlements of their claims.

The settlement with the Attorney General's Office requires payment of \$825,000 to the commonwealth's UST Program Expendable Trust and \$875,000 to the commonwealth's General Fund. Chevron cooperated fully with the Attorney General's investigation.

On April 9, 2012, Coakley announced a \$2.2 million settlement with Sunoco involving the company's claims to the UST Fund. On April 13, 2012, Coakley sued Hess Corp., alleging falsely claimed reimbursements from the UST Fund.

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POST GREEN

Utah, Chevron Settlement Reached: Oil Company Paid State \$1.8 Million

AP | Posted: 12/14/2012 11:00 am EST

SALT LAKE CITY (AP) — Chevron Corp. has paid Utah \$1.8 million in a settlement reached after Utah claimed the oil company collected money from a cleanup fund meant only for firms without insurance, state officials said Thursday.

Chevron misrepresented the fact that it had coverage when it applied for reimbursement from the fund established for the cleanup of leaky underground storage tanks, the Utah attorney general's office said.

The state said Chevron should have repaid the money it received along with paying penalties, fines, interest and attorney fees.

Chevron denied the allegations and said in the settlement it was legally entitled to money from the fund. Company spokesman Brent Tippen said Chevron was pleased to reach a mutually acceptable settlement.

"Chevron acted at all times in good faith and believes its dealings with the state's underground storage tank fund have been proper and without fault," Tippen said in a statement to The Associated Press. "It is advantageous for both sides, however, to bring this matter to a conclusion."

It was the first negotiated settlement reached between Utah and oil companies accused of misusing the fund.

The state sued ConocoPhillips and BP Amoco after those companies refused to negotiate a settlement, said Donna Kemp Spangler, spokeswoman for Utah's Division of Environmental Quality.

The state says BP Amoco helped itself for a dozen years to state assistance, collecting \$1.5 million until 2007. The state claims ConocoPhillips filed \$25 million in false claims over 14 years.

Montana is also pursuing a claim that BP collected money from a tank cleanup fund while receiving payouts from an insurance company.

BP says the lawsuits are without merit. ConocoPhillips has said it does not comment on legal issues.

Settlements are still possible with those two companies, but the two sides are not close at this time, said Therron Blatter of Utah's Division of Environmental Quality.

Utah's Petroleum Storage Tank Fund was created by the Legislature in 1989 to help small gas station owners who paid into the account get help when they had leaky storage tanks, Kemp Spangler said.

"We need to have that fund whole," Kemp Spangler said. "We need to make sure there is enough money to pay the people that are participating in it."

Filed by Jessica Leader |

Chevron to pay \$1.7m to settle case alleging improper payments from state fund

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By Callum Borchers, Globe Staff

Chevron USA, Inc. and Texaco Downstream Properties, Inc. will repay the state \$1.7 million to settle a lawsuit alleging they accepted money from a public fund for gas station cleanups without disclosing reimbursements from their insurers, Attorney General Martha Coakley said Wednesday.

The Massachusetts Underground Storage Tank Petroleum Product Cleanup Fund uses money collected from gas tank registration and delivery fees to compensate gas station owners and operators for the costs of cleaning up environmentally hazardous leaks. Claimants must notify the state if they seek reimbursements from other sources, including insurance companies, and return money to the fund if they succeed.

Coakley alleged that Chevron and Texaco, before and after their 2001 merger, made improper claims for cleanup money in Massachusetts. The merged company, Chevron Corporation of San Ramon, Calif., will pay \$825,000 to the cleanup fund and \$875,000 to the state's general fund.

A spokesman for Chevron denied any wrongdoing by the company, saying Chevron "acted at all times in good faith and believes its dealings with the state's underground storage tank fund have been proper and without fault."

"It is advantageous for both sides, however, to bring this matter to a conclusion, and we have done so," said the spokesman, Brent Tippen.

The settlement is the second Coakley has won from oil companies she alleged misused the cleanup fund. In April, Sunoco, Inc. of Philadelphia agreed to a \$2.2 million settlement in a similar case. Coakley also has sued Hess Corp. of New York for false cleanup fund claims. Hess could not be reached Wednesday.

"While the UST Fund program continues to be a great resource for our environment, it requires honesty from its participants in order to be effective and efficient," Coakley said. "We will continue our efforts to determine whether some oil companies may have sought or recovered money from their insurers without proper disclosure or reimbursement."

Chevron Corporation, the post-merger name for Chevron and Texaco, will pay \$825,000 to the cleanup fund and \$875,000 to the state's general fund.

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